

Message Text

CONFIDENTIAL

PAGE 01 TAIPEI 03971 231024Z
ACTION EA-12

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L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
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FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC 7868
INFO AMCONSUL HONG KONG
USLO PEKING
AMEMBASSY SEOUL
AMEMBASSY TOKYO

C O N F I D E N T I A L TAIPEI 03971

E.O. 11652: GDS
TAGS: ETRD, PINT, TW, CH
SUBJECT: NORMALIZATION ISSUE RAISED BY SENIOR GROC
OFFICIALS
REFS: (A) TAIPEI 703 (1977); (B) TAIPEI 3865 (NOTAL)

1. IN A CONVERSATION WITH FORMER TREASURY SECRETARY
ROBERT B. ANDERSON AND EMBASSY ECONOMIC COUNSELOR KYLE,
PRECEDING A LUNCHEON AT AMBASSADOR UNGER'S RESIDENCE ON
JUNE 22, GOVERNOR YU KUO-HUA RAISED THE QUESTION OF HOW
VENTURE BETWEEN U.S. COMPANIES AND THE ROC'S CHINESE
PETROLEUM CORPORATION (CPC) (SEE REFTELS) WOULD BE
AFFECTED IF (RPT IF) NORMALIZATION OCCURRED. THE QUESTION
ALSO CAME UP DURING AMBASSADOR UNGER'S LUNCHEON WHERE
Y.S. TSIANG AND SEVERAL OTHER OFFICIALS ALSO PRESENT
(SEE BELOW). THE AMBASSADOR STATED THAT HE DID NOT
BELIEVE NORMALIZATION WOULD HAVE ANY EFFECT ON CONTINU-
ING ECONOMIC AND BUSINESS RELATIONS BETWEEN THE
UNITED STATES AND SUCH COMPANIES AS CPC, SINCE CPC
WOULD BE ENGAGED IN A COMMERCIAL ENDEAVOR AS A REGULAR
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TAIPEI 03971 231024Z

BUSINESS ENTERPRISE AND WOULD NOT BE ACTING IN A GOVERN-
MENTAL CAPACITY. ANDERSON'S PROPOSED JOINT VENTURE, HE
NOTED, WOULD BE IN CONFORMITY WITH OUR POLICY TOWARD THE
ROC AFTER NORMALIZATION WHICH WAS TO CONTINUE OUR ECONOMIC
AND BUSINESS TIES. THE AMBASSADOR ALSO NOTED THAT THE
SAME QUESTION COULD BE RAISED WITH REGARD TO FUTURE
COMMERCIAL DEALINGS WITH THE U.S. BY OTHER ROC STATE

ENTERPRISES, SUCH AS THE TAIWAN POWER COMPANY.

2. AFTER THE LUNCHEON, MR. ANDERSON TOLD EMBOFFS THAT GEORGE YEH (YEH KUNG-CH'AO, FORMER MINISTER-WITHOUT-PORTFOLIO) HAD RECENTLY TOLD ANDERSON THAT MOST OFFICIALS IN THE GROC HAD NOW ACCEPTED THE INEVITABILITY OF NORMALIZATION, AND THAT YEH FELT THAT IT WAS IMPORTANT THAT THE GROC NOW BEND ITS EFFORTS TO PREPARE FOR NORMALIZATION.

3. COMMENT: THE EXCHANGES WITH GOVERNOR YU ARE AMONG THE FIRST CONCRETE INDICATIONS THAT WE HAVE HAD THAT THE GROC IS GIVING THOUGHT TO POST-NORMALIZATION PROBLEMS. GOVERNOR YU'S QUESTION MARKS JUST ABOUT THE FIRST TIME THAT A HIGH-RANKING GROC OFFICIAL HAS RAISED WITH THE EMBASSY US-ROC POST-NORMALIZATION RELATIONS IN THESE CONCRETE, PRACTICAL TERMS. THIS IS ALSO THE FIRST TIME THE AMBASSADOR HAS HAD THE OCCASION TO COMMENT TO A GROUP OF HIGH-RANKING ROC OFFICIALS ON THE GENERAL CONTOURS OF OUR COMMERCIAL POSTURE TOWARDS TAIWAN AFTER NORMALIZATION. ALTHOUGH IT WOULD BE PREMATURE TO CONCLUDE THAT THE GROC IS NOW MAKING PLANS FOR THE POST-NORMALIZATION PERIOD, WE THINK IT IS SIGNIFICANT THAT AN OFFICIAL OF GOVERNOR YU'S RANK AND CLOSENESS TO PRESIDENT CHIANG WOULD DISCUSS A HERETOFORE FORBIDDEN TOPIC WITH THE EMBASSY. WE WILL WATCH CLOSELY FOR FURTHER DEVELOPMENTS.

CONFIDENTIAL

PAGE 03 TAIPEI 03971 231024Z

OTHER SIGNS OF REALISM ON THE PART OF THE GROC. IF (REPEAT IF) THIS KIND OF QUESTION IS RAISED AGAIN WE WILL USE THE OCCASION TO MAKE IT CLEAR TO THE GROC THAT WE EXPECT COMMERCIAL RELATIONS BETWEEN THE U.S. AND TAIWAN TO CONTINUE UNHINDERED IN THE PERIOD AFTER NORMALIZATION. WE WILL OF COURSE TAKE NO INITIATIVES OURSELVES AND CONFINED OUR REPLIES TO GENERAL COMMENTS.

4. GUESTS AT THE LUNCHEON WERE: MR. ROBERT ANDERSON, H.E. Y. S. TSIANG, SECRETARY GENERAL OF THE PRESIDENTIAL OFFICE; H. E. YU KUO-HUA, MINISTER-WITHOUT-PORTFOLIO, GOVERNOR OF THE CENTRAL BANK OF CHINA AND CHAIRMAN, COUNCIL FOR ECONOMIC PLANNING AND DEVELOPMENT; H. E. CHANG KUANG-SHIH, MINISTER OF ECONOMIC AFFAIRS, H. E. LI TENG-HUI, MAYOR OF THE CITY OF TAIPEI; MR. T. H. LEE, PRESIDENT OF CHINESE PETROLEUM CORPORATION; MR. SAMUEL WHITE, ASSOCIATE OF MR. ANDERSON; MR. JOSEPH B. KYLE, COUNSELOR OF EMBASSY FOR ECONOMIC AND COMMERCIAL AFFAIRS; AND MR. MORTON HOLBROOK, ECONOMIC SECTION. UNGER

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